

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## ASSEMBLY BILL

No. 2652

**Introduced by Assembly Member Linder**

*(Coauthors: Assembly Members Allen, Bigelow, Conway, Beth Gaines, Gorell, Hagman, Harkey, Jones, Melendez, Olsen, Patterson, Wagner, and Wilk)*

February 21, 2014

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~~An act to amend Section 167 of the Streets and Highways Code, relating to transportation. An act relating to state revenues, and making an appropriation therefor.~~

### LEGISLATIVE COUNSEL'S DIGEST

AB 2652, as amended, Linder. ~~Transportation funds. Increased revenues: appropriation.~~

*The California Constitution requires the Governor, within the first 10 days of each calendar year, to submit to the Legislature a budget for the ensuing fiscal year containing itemized statements for recommended state expenditures and estimated state revenues. Existing law requires the Director of Finance to provide to the Legislature, on or before May 14 of each year, specified information, including an estimate of General Fund revenues for the current fiscal year and for the ensuing fiscal year.*

*This bill would require the Director of Finance to calculate any increase between the General Fund revenue estimate for the 2013–14 fiscal year in the Governor's Budget Summary 2014–15 and the estimate of General Fund revenue for the 2013–14 fiscal year submitted by the Director of Finance on or before May 14, 2014. The bill would require the Director of Finance to calculate any increase between the General*

*Fund revenue estimate in the budget for the 2014–15 fiscal year submitted by the Governor and the estimate of General Fund revenues for the 2014–15 fiscal year submitted by the Director of Finance on or before May 14, 2014. The bill would prohibit General Fund appropriations other than those made by this bill for the 2013–14 and 2014–15 fiscal years from exceeding the amount of General Fund revenues in the budget approved for the 2013–14 fiscal year and, for the 2014–15 fiscal year, in the budget submitted by the Governor. The bill would appropriate the amount of any increase in General Fund revenues calculated by the Director of Finance necessary to meet the state’s minimum funding obligation pursuant to Section 8 of Article XVI of the California Constitution to the Controller for apportionment to school districts and community college districts. If any funds remain after this appropriation, the bill would appropriate 50% of the remaining funds to the Budget Stabilization Account and would appropriate 50% of the funds, up to \$2.534 billion, to specified transportation funds and accounts for immediate repayment of outstanding loans made from those transportation funds and accounts to the General Fund. The bill would appropriate certain amounts repaid to specified transportation funds and accounts for local street and road purposes, to be apportioned by the controller according to a specified formula. The bill would appropriate any funds remaining after these appropriations to the Budget Stabilization Account.*

~~Existing law requires funds in the State Highway Account to be programmed, budgeted, and expended to maximize the use of federal funds and according to a specified sequence of priorities. Existing law requires the Department of Transportation to provide certain information to the Legislature to substantiate the department’s proposed capital outlay support budget.~~

~~This bill would make nonsubstantive changes to these provisions.~~

Vote: ~~majority~~<sup>2/3</sup>. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. *It is the intent of the Legislature to provide funding*
- 2     *to repay as much of the outstanding transportation loan balances*
- 3     *to the General Fund as prudently possible, while providing full*
- 4     *funding for Proposition 98 education purposes and greater*
- 5     *flexibility for future “rainy-day” funds.*

1     SEC. 2. (a) For the 2013–14 fiscal year, the Department of  
2     Finance shall calculate any increase between the General Fund  
3     revenue estimate in the Governor’s Budget Summary 2014–15  
4     published on January 10, 2014, and the General Fund revenue  
5     estimate for the 2013–14 fiscal year submitted by the Director of  
6     Finance pursuant to subdivision (e) of Section 13308 of the  
7     Government Code.

8     (b) For the 2014–15 fiscal year, the Department of Finance  
9     shall calculate any increase between the General Fund revenue  
10    estimate in the budget submitted by the Governor to the Legislature  
11    pursuant to subdivision (a) of Section 12 of Article IV of the  
12    California Constitution and the General Fund revenue estimate  
13    submitted by the Director of Finance for the 2014–15 fiscal year  
14    pursuant to subdivision (e) of Section 13308 of the Government  
15    Code.

16    (c) For the 2013–14 and 2014–15 fiscal years, the sum of the  
17    appropriations made in the budget bill and in other bills providing  
18    for appropriations related to the budget bill, and any other  
19    enactment other than this bill, shall not exceed the sum of the  
20    amount of General Fund revenues appropriated in the budget  
21    approved for the 2013–14 fiscal year and, for the 2014–15 fiscal  
22    year, the amount of General Fund revenues proposed to be  
23    appropriated in the budget submitted by the Governor pursuant  
24    to subdivision (a) of Section 12 of Article IV.

25    (d) The amount of any increase in General Fund revenue  
26    calculated by the Department of Finance pursuant to subdivision  
27    (a) for the 2013–14 fiscal year and pursuant to subdivision (b) for  
28    the 2014–15 fiscal year is hereby appropriated as follows:

29    (1) First, the amount necessary to meet the state’s minimum  
30    funding obligation to school districts and community college  
31    districts pursuant to Section 8 of Article XVI of the California  
32    Constitution for the fiscal year, as determined based on the  
33    estimate pursuant to subdivision (e) of Section 13308 of the  
34    Government Code, is appropriated to the Controller for  
35    apportionment to school districts and community college districts.

36    (2) Any funds remaining after the appropriation made pursuant  
37    to paragraph (1) shall be appropriated as follows:

38    (A) Fifty percent of the remaining funds is transferred to the  
39    Budget Stabilization Account pursuant to Section 20 of Article XVI  
40    of the California Constitution.

(B) Fifty percent of the remaining funds, not to exceed two billion five hundred thirty-four million dollars (\$2,534,000,000), shall be transferred to the transportation funds and accounts, as detailed in the table entitled "Status of Outstanding Transportation Loans, as of September 30, 2013" in Appendix D of the Department of Transportation's Fiscal Year 2013–14 First Quarter Finance Report, for immediate repayment of outstanding loans made from those transportation funds and accounts to the General Fund. The amounts repaid to the State Highway Account, the Transportation Congestion Relief Fund, and the Highway Users Tax Account are hereby appropriated for local street and road purposes, to be apportioned by the controller pursuant to the formula in subparagraph (c) of paragraph (3) of subdivision (a) of Section 2103 of the Streets and Highways Code.

(C) Any remaining funds shall be transferred to the Budget Stabilization Account pursuant to Section 20 of Article XVI of the California Constitution.

~~SECTION 1. Section 167 of the Streets and Highways Code is amended to read:~~

~~167. (a) Funds in the State Highway Account in the State Transportation Fund shall be programmed, budgeted subject to Section 163, and expended to maximize the use of federal funds and shall be based on the following sequence of priorities:~~

~~(1) Operation, maintenance, and rehabilitation of the state highway system.~~

~~(2) Safety improvements where physical changes, other than adding additional lanes, would reduce fatalities and the number and severity of injuries.~~

~~(3) Transportation capital improvements that expand capacity or reduce congestion, or do both.~~

~~(4) Environmental enhancement and mitigation programs.~~

~~(b) With respect to the funds in the State Highway Account, in the Public Transportation Account, and in the Passenger Rail Bond Fund, the proposed budget shall be organized on a program basis. The proposed budget shall list the proposed expenditures for the transportation program under the following program elements:~~

~~(1) Administration.~~

~~(2) Program development.~~

~~(3) Maintenance.~~

~~(4) State highway operation and protection.~~

1 ~~(5) Local assistance.~~

2 ~~(6) Interregional improvements.~~

3 ~~(7) Regional improvements.~~

4 ~~(8) Environmental enhancement and mitigation programs.~~

5 ~~(e) State operations expenditure amounts of the department for~~  
6 ~~interregional and regional transportation improvement projects~~  
7 ~~shall be listed as required by subdivision (b) of Section 14529 of~~  
8 ~~the Government Code, but those amounts other than those for the~~  
9 ~~acquisition of rights-of-way, construction, and construction support~~  
10 ~~shall not be subject to allocation by the commission.~~

11 ~~(d) To align the annual budget with the adopted state~~  
12 ~~transportation improvement program, the department may submit~~  
13 ~~to the Department of Finance revised capital outlay support and~~  
14 ~~capital outlay budget estimates as part of its May Revision process.~~  
15 ~~Budget proposals related to these changes shall be provided to the~~  
16 ~~Legislature no later than May 1.~~

17 ~~(e) The budget shall not include specific appropriations for~~  
18 ~~specific transportation improvement projects, and the Legislature~~  
19 ~~shall not enact legislation containing specific individual~~  
20 ~~transportation projects.~~

21 ~~(f) The basis for defining major and minor capital outlay projects~~  
22 ~~shall be established by the commission.~~

23 ~~(g) The Legislative Analyst shall prepare an analysis of the~~  
24 ~~proposed expenditures for each program element as a part of the~~  
25 ~~budget analysis.~~

26 ~~(h) The department shall submit to the Legislative Analyst, the~~  
27 ~~Senate Committee on Budget and Fiscal Review, and the Assembly~~  
28 ~~Committee on Budget, on an annual basis, supplemental~~  
29 ~~information to substantiate the department's proposed capital outlay~~  
30 ~~support budget. The information shall be provided no later than~~  
31 ~~May 1 of each year, and may be provided at an earlier date. The~~  
32 ~~information shall include, but not be limited to, the following:~~

33 ~~(1) A list of projects for which the department will perform~~  
34 ~~capital outlay support work in the budget year. For each project,~~  
35 ~~the department shall include:~~

36 ~~(A) The planned project support budget for support of~~  
37 ~~environmental, design, right-of-way, and construction phases.~~

38 ~~(B) The planned capital costs, including construction capital~~  
39 ~~costs and right-of-way capital costs.~~

1     ~~(C) The estimated or actual construction start date and~~  
2     ~~completion date.~~

3     ~~(D) The name and year of the state transportation program in~~  
4     ~~which the project is programmed, if applicable.~~

5     ~~(E) Total prior fiscal year expenditures for capital outlay support.~~

6     ~~(F) The number of full-time equivalent positions requested to~~  
7     ~~perform support of environmental, design, right-of-way, and~~  
8     ~~construction work in the fiscal year of the budget request.~~

9     ~~(G) Milestones of project work by phases that are planned to~~  
10    ~~be completed in the fiscal year of the budget request.~~

11    ~~(H) The ratio of support to capital costs based on current~~  
12    ~~programming.~~

13    ~~(2) The capital-to-support ratio for all projects completed in the~~  
14    ~~prior fiscal year in each program in each district.~~

15    ~~(3) The current total number of authorized and vacant positions~~  
16    ~~in the capital outlay support program in headquarters and in each~~  
17    ~~district.~~

18    ~~(4) A five-year projection of the department's staffing needs to~~  
19    ~~support the state's transportation capital programs and any~~  
20    ~~workload performed by the department related to federal or local~~  
21    ~~funding for highway capital projects.~~

22    ~~(5) The average cost of a personnel-year equivalent in each~~  
23    ~~district based on the department's existing contracts for capital~~  
24    ~~outlay support work performed by a private company under~~  
25    ~~contract with the department. For each average cost, the department~~  
26    ~~shall provide a description of what factors are included in that cost.~~

27    ~~(6) The average cost of a state staff personnel-year in the capital~~  
28    ~~outlay support program in each district and in headquarters. The~~  
29    ~~cost shall include the salary and wages, benefits, program overhead,~~  
30    ~~administrative overhead, and other associated costs. The~~  
31    ~~department shall provide a description of each component of the~~  
32    ~~average cost.~~

33    ~~(7) A summary of expected capital outlay support workload for~~  
34    ~~the budget year that includes the following:~~

35    ~~(A) The total full-time equivalents requested for each type of~~  
36    ~~the following activities: environmental, design, right-of-way, and~~  
37    ~~construction.~~

38    ~~(B) The total full-time equivalents requested for each type of~~  
39    ~~project, including, but not limited to, the state transportation~~  
40    ~~improvement program, the state highway operation and protection~~

1 ~~program, bond programs, regional and local agency partnership~~  
2 ~~workload, and any other program.~~

3 ~~(8) The total number of projects with requested resources, as~~  
4 ~~well as the number of projects in which the department is limited~~  
5 ~~to an oversight role.~~

6 ~~(9) The number of milestones scheduled, including~~  
7 ~~environmental, design, right-of-way, and construction deliverables,~~  
8 ~~as well as the number of projects expected to begin construction~~  
9 ~~and reach completion.~~

10 ~~(10) A summary for the most recently completed fiscal year for~~  
11 ~~the following:~~

12 ~~(A) Full-time equivalents and related funding expended,~~  
13 ~~including support of environmental, design, right-of-way, and~~  
14 ~~construction activities.~~

15 ~~(B) Approved and filled positions as of the end of the fiscal~~  
16 ~~year.~~